

**Minutes of Meeting  
Board of Directors  
Denton County Fresh Water Supply District No. 10**

**September 15, 2016**

The Board of Directors ("Board") of Denton County Fresh Water Supply District No. 10 ("District"), met in regular session, open to the public, on Thursday, September 15, 2016, at 6:00 p.m., at the Savannah Clubhouse, 701 Savannah Boulevard, Savannah, Texas, inside the District, for which notice was given as required by Chapter 551, Government Code, as amended, and Chapter 49, Texas Water Code, as amended.

The roll was called of the duly appointed members of the Board, to wit:

Rob Adams	President
Jon TenBroeck	Vice President
Robert Tague	Secretary
Amy Foster	Asst. Secretary
John Gillum	Director

All members of the Board were present, with the exception of Director Foster. Also attending the meeting were the following: Mr. Barry Jameson of Huffines Communities; Mr. Jim Koehler, P.E. and Mr. Jim Wagon, P.E. of Graham Associates, Inc. ("GAI"); Mr. Jason Cork of Arcadia Water Management, LLC; Ms. Kathi Dye of Dye & Bloomfield, LLC; Chief Greg Wilkerson and Mrs. Donna Wilkerson of Advantage Leadership Resources; Mr. Jonathan Finke of Crawford & Jordan LLP; and other members of the public, including District residents.

1. After determining that a quorum was present, the President called the meeting to order at 6:01 p.m.
2. Consideration was first given to conducting a public hearing on the proposed 2016 ad valorem tax rate. Mr. Finke reported that notice of the hearing for a proposed 2016 tax rate of \$1.00 per \$100.00 of assessed valuation was published in the *Denton Record Chronicle* on September 1, 2016, in accordance with the laws of the State of Texas. Director Tague moved that the Board open the meeting to a public hearing. Director TenBroeck seconded said motion, which carried unanimously.

The President recognized Mr. Gerald Clay, who addressed the Board regarding increase in tax based on rise in value of property. It was noted that there were no additional members of the public present and desiring to address the Board of Directors with regard to the proposed 2016 tax rate. Mr. Finke further confirmed that the District had received no communications regarding the District's proposed 2016 tax rate. Following discussion, Director Tague moved that the Board close the public hearing. Director TenBroeck seconded said motion, which carried unanimously.

3. Consideration was next given to setting District's 2016 ad valorem tax rate, and the adoption of 2016 Order Levying Taxes in connection therewith. Mr. Finke presented to and reviewed with the Board the 2016 Order Levying Taxes, a copy of which is

attached hereto as **Exhibit "A"**. After discussion on the matter, Director TenBroeck moved that the Board levy: (i) a 2016 utility debt service tax rate of \$0.39 per \$100 of assessed valuation; a 2016 road debt service tax rate of \$0.31 per \$100 assessed valuation; a tax rate of \$0.105 per \$100 of assessed valuation for maintenance and operations; and a tax rate of \$0.195 per \$100 of assessed valuation for contract tax, for a total 2016 tax rate of \$1.00 per \$100 assessed valuation; and (ii) adopt the 2016 Order Levying Taxes as presented. Director Gillum seconded said motion, which carried unanimously.

4. Consideration was next given to approval and execution of an amendment to the District Information Form, if necessary. It was noted that approval and execution of an amendment to the District Information Form was not required.
5. Consideration was next given to review and approval of City of Aubrey Fire Plan budget for fiscal year ending September 30, 2017. Chief Starr addressed the Board regarding such matter, and reviewed with the Board the City of Aubrey Fire Plan budget, a copy of which is attached hereto as **Exhibit "B"**. After discussion on the matter, Director TenBroeck moved that the Board approve the City of Aubrey Fire Plan budget for the fiscal year ending September 30, 2017, as presented. Director Tague seconded said motion, which carried unanimously.
6. Consideration was next given to public comments. The President opened the meeting to public comment, and recognized Ms. Sharon Arnold, who thanked the Board for installation of speed limit and school zone signs. She queried the Board regarding status of requested raised crosswalk in Isabella Village and why school bus traffic is traveling through Isabella Village. The President then recognized Mr. Don Brooks, who questioned the plan for Fishtrap Road and what powers the District has with regard to abandoned vehicles. The President then recognized Mr. LaMows Kennedy, who questioned the Board regarding speeding on Isabella and school traffic sign blockages. After noting that there were no additional members of the public present and desiring to speak before the Board, upon motion duly made by Director Gillum, seconded by Director Tague and unanimously carried, the President closed the public comment session of the meeting.
7. Consideration was next given to the (a) review and approval of the Minutes of the August 18, 2016, Board of Directors Meetings; (b) review and approval of the Tax Assessor/Collector's report, a copy of such report is attached hereto as **Exhibit "C"**; (c) review and acceptance of the Developer's Report, a copy of such Report is attached hereto as **Exhibit "D"**; and (d) review and approval of the Bookkeeper's Report, a copy of which is attached hereto as **Exhibit "E"**. After discussion on the matter, Director Gillum moved that the Board approve items a, b, and c on the Consent Agenda. Director TenBroeck seconded said motion, which carried unanimously. Director Adams then moved that the Board approve item d on the Consent agenda, plus additional check nos. 8944 to Brandon Industries in the amount of \$5,454.00 and 8945 to GAI in the amount of \$15,892.50, with check no. 8944 to Brandon Industries being held subject to work being completed with regard to corrections on locations. Director TenBroeck seconded said motion, which carried unanimously.

8. Consideration was next given to review and acceptance of the Engineer's Report, as presented by Mr. Wagon, a copy of which is attached hereto as **Exhibit "F"**. The Board considered the status of construction projects within the District. In that regard, Mr. Wagon discussed with the Board the status of the following projects: Artesia Phase 5B, Artesia Pump Building, Savannah Azalea Village Phase 11B, and Artesia North Phase 2.

The Board next consider authorizing preparation of construction plans and specifications for improvement projects, including plans and specifications for 12-inch water line from Savannah Azalea Village Phase 11B to Arrowbrooke. After discussion, Director Tague moved that the Board authorize preparation of construction plans and specifications for improvement projects, including plans and specifications for 12-inch water line from Savannah Azalea Village Phase 11B to Arrowbrooke. Director TenBroeck seconded said motion, which carried unanimously.

The Board next considered approval of construction plans and specifications and advertising for bids for contract(s) for improvement projects, including Savannah Azalea Village Phase 11B 12-inch water line. Mr. Wagon reviewed the necessity of the 12-inch water line with the Board. After discussion on the matter, Director Gillum moved that the Board approve the construction plans and specifications for Savannah Azalea Village Phase 11B 12-inch water line, and authorized advertising for bids for the project, contingent upon the developer's election to proceed with construction of the 12-inch water line. Director Tague seconded said motion, which carried unanimously.

The Board then considered award of contracts for construction of improvement projects and issuance of notices to proceed. Mr. Wagon presented correspondence dated September 9, 2016, with bid tabulation, attached to engineer's report, relative to grading, water, sanitary sewer, storm drainage and paving improvements for Savannah Azalea Village Phase 11B. He noted that two (2) bids were received, with the low bidder being RKM Utility Services, Inc. in the amount of \$1,939,919.15. Mr. Wagon also presented a letter received from the developer regarding the risk associated with the current timeline of development of Savannah Azalea Village Phase 11B. After discussion on the matter, Director TenBroeck moved that the Board award the contract for grading, water, sanitary sewer, drainage and paving improvements for Savannah Azalea Village Phase 11B to RKM Utility Services, Inc., as recommended by the District's engineer, subject to risk assumed by developer in letter from developer. Director Adams seconded said motion, which carried unanimously.

The Board then considered approval of construction pay application(s) and change order(s) to construction contracts, including pay applications and change orders to current construction contracts. Mr. Wagon reviewed invoices to be approved by the Board and paid by Corona Artesia as follows: RPMx Construction (Artesia North Phase 2 Earthwork #3) in the amount of \$158,659.93; and Mela Contracting, Inc. (Artesia Pump Building Est. #8) in the amount of \$58,421.01. Mr. Wagon then reviewed invoices to be approved by the Board and paid by the developer for current construction contracts as follows: RKM Utility (Artesia Phase 5B Paving) in the amount of \$419,666.40 and RKM Utility (Savannah Phase 11B #4) in the amount of

\$27,324.00. After discussion, Director Adams moved that the Board approve the invoices to be approved by the Board and paid by Corona Artesia and the invoices to be approved by the Board and paid by the developer for current constructions contracts as amended. Director Tague seconded said motion, which carried unanimously. Mr. Wagnon then reviewed invoices to be approved by and paid by the Board for District projects this month: Brandon Industries (Savannah School Parking Signs) in the amount of \$845.00 and Brandon Industries (Savannah School Speed Limit Signs) in the amount of \$4,609.00. After discussion, Director Adams moved that the Board approve the invoices to be approved by and paid by the Board for District projects this month, subject to correction of signage placement. Director Gillum seconded said motion, which carried unanimously.

After discussion on the matter, Director Gillum moved that the Board accept the Engineer's Report as presented. Director TenBroeck seconded said motion, which carried unanimously.

9. Consideration was next given to report from Advantage Leadership Resources, LLC ("ALR") regarding general management affairs of the District and law enforcement coordination; customer utility and trash service billing complaints/requests and appeals, consider approval and execution of independent contractor agreements for patrol services; update status of security at elevated storage tank; and authorizing actions and expenditures as necessary. Chief Wilkerson presented a General Manager's report for August 2016, a copy of which is attached hereto as **Exhibit "G"**. He discussed future agenda items, including contract with Southern Botanical and correspondence to builder regarding resident use of the greenbelt. Chief Wilkerson reviewed the law enforcement coverage and activity report for August. After discussion on the report presented, Director TenBroeck moved that the Board approve the report provided by Advantage Leadership Resources, LLC. Director Gillum seconded said motion, which carried unanimously.
10. Consideration was next given to approval of a request from the District Public Safety Committee authorizing expenditure of up to \$5,000 per project for the routine installation of traffic control devices, signage, traffic calming measures, and other public safety related measures as determined by a unanimous vote of said committee. Director Adams and Chief Wilkerson addressed the Board regarding such request. After discussion on the matter, Director Adams moved that the Board approve the request from the District Public Safety Committee authorizing expenditure of up to \$5,000 per project for the routine installation of traffic control devices, signage, traffic calming measures, and other public safety related measures as determined by a unanimous vote of said committee, subject to a cumulative total expenditure maximum limit of \$10,000 annually. Director Tague seconded said motion, which carried unanimously.
11. Consideration was next given to approval of request from the District Public Safety Committee authorizing expenditure of up to \$4,000 to purchase a traffic radar and traffic volume recorder to assist with the collection of traffic related data. Chief Wilkerson addressed the Board regarding such matter. After discussion, Director Tague moved that the Board approve the request from the District Public Safety

Committee authorizing expenditure of up to \$4,000 to purchase a traffic radar and traffic volume recorder to assist with the collection of traffic related data. Director Gillum seconded said motion, which carried unanimously. The Board requested that an item be included on the next agenda to amend the District's operating budget to include a Law Enforcement Category.

12. Consideration was next given to the operator's report regarding the Artesia Utility System, including status of maintenance of water facilities; update on water production capacities; update on inspections process; and authorizing expenditure of funds for operation and maintenance of water facilities. A copy of such report, prepared by Arcadia Water Management LLC is attached hereto as **Exhibit "H"**. The President recognized Mr. Cork, who reported on water capacity and water quality. He noted that with the flow rate being raised to over 800 gallons per minute, the water levels are holding at high levels. After discussion, Director TenBroeck moved that the Board approve the report and expenditure of funds as presented. Director Tague seconded said motion, which carried unanimously.
13. Consideration was next given to landscaping and sidewalk issues in Artesia, and the taking of any action appropriate in connection therewith. It was noted that such matter was addressed in the ALR Report.
14. Consideration was next give to status of negotiations with Town of Little Elm and/or Town of Prosper for fire protection and EMS Services for the Artesia Subdivision, and the taking of any action necessary in connection therewith. After discussion, Director Adams moved that the Board table the matter. Director Gillum seconded said motion, which carried unanimously.
15. Consideration was next given to amendment of District Rate Order. Mr. Finke reviewed with the Board various proposed changes to the District's Rate Order. After discussion, Director TenBroeck moved that the Board approve amendment of the District Rate Order as presented. Director Tague seconded said motion, which carried unanimously. The Board requested that a copy of the final Rate Order be provided to each director via electronic mail.
16. Consideration was next given to status of acquisition of offsite water easement to serve Savannah Azalea Village, and the taking of any further action in connection therewith. Mr. Finke provided an update on the status of such matter. After a brief discussion, the President determined that no action was required at this time.
17. Consideration was next given to review of Texas Municipal League Intergovernmental Risk Pool Board of Trustees Election Official Ballot, and the taking of any action required in connection therewith. Mr. Finke discussed such matter with the Board. After discussion, upon motion duly made, seconded and unanimously carried, the Board determined to abstain from voting in the Trustees Election.
18. Consideration was next given to status of Artesia water system construction project, including approval of change orders; approval execution and filing of Development Application with Town of Prosper regarding Water Meter Station Project; and

amendment to Regional Treated Water System Participating Customer Contract and Northeast Regional Water Reclamation System Participating Customer Contract with Upper Trinity Regional Water District (“UTRWD”) as appropriate. The President recognized Mr. Finke and Mr. Wagnon, who noted that items were addressed in engineering report.

19. Consideration was next given to status of preparation of application to Texas Parks and Wildlife for parks grant; adoption of Resolution Prohibiting Drilling and Mining or the Reopening of any Abandoned Well or Mine in any Public Park Located in the Arrowbrooke Development; adoption of a Resolution of Denton County Fresh Water Supply District No. 10 Designating Certain Officials as being Responsible for, Acting for, and on Behalf of the District in Dealing with the Texas Parks and Wildlife Department for the Purpose of Participating in the Local Park Grant Program, Certifying that the District is Eligible to Receive Program Assistance, Certifying that the District Matching Share is Readily Available, and Dedicating the Proposed Site for Permanent Public Park and Recreational Uses; authorize the submission of the Parks Grant Application to Texas Parks and Wildlife; and authorize any other actions and expenditures as necessary. Mr. Finke addressed the Board regarding such matter, and reviewed the Resolutions and application documents. After discussion on the matter, Director Adams moved that the Board (1) adopt the Resolution Prohibiting Drilling and Mining or the Reopening of any Abandoned Well or Mine in any Public Park Located in the Arrowbrooke Development, a copy of which is attached hereto as **Exhibit “I”**; (2) adopt the Resolution of District Designating Certain Officials as being Responsible for, Acting for, and on Behalf of the District in Dealing with the Texas Parks and Wildlife Department for the Purpose of Participating in the Local Park Grant Program, Certifying that the District is Eligible to Receive Program Assistance, Certifying that the District Matching Share is Readily Available, and Dedicating the Proposed Site for Permanent Public Park and Recreational Uses, a copy of which is attached hereto as **Exhibit “J”**; (3) authorize submission of the Parks Grant Application to the Texas Parks and Wildlife Department; and (4) authorize any other actions and expenditures necessary in connection with the filing of such application. Director Tague seconded said motion, which carried unanimously.
20. The Board next deferred consideration of Executive Session pursuant to Sections 551.071, 551.072, and 551.076, Texas Government Code, as amended, to consult with District Counsel, consider real estate matters, and deliberate regarding deployment of security devices and personnel.
21. It was noted that a bid opening will be held on October 5, 2016, at Speyers Engineering for Artesia North Phase II. Director Gillum noted that he will plan to attend the bid opening. After noting that no further business was to come before the Board, upon motion duly made by Director TenBroeck, seconded by Director Adams, and unanimously carried, the meeting was adjourned at 8:02 p.m.

  
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Robert Tague  
Secretary